

**CAMERON COUNTY, TEXAS
PARK SYSTEM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2015**



**Cameron County Auditor
1100 E. Monroe St.
Brownsville, Texas 78520**

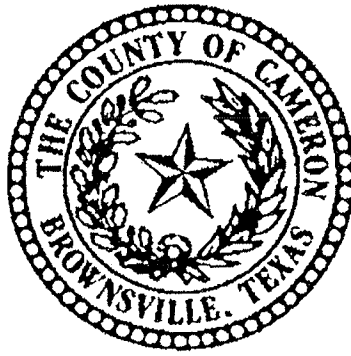
CAMERON COUNTY, TEXAS
PARK SYSTEM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2015



CAMERON COUNTY, TEXAS
PARK SYSTEM
SEPTEMBER 30, 2015

TABLE OF CONTENTS

Title Page.....	i
Table of Contents.....	ii
Letter of Transmittal and Statistical Information.....	iii
Independent Auditor's Report.....	vi
Management's Discussion and Analysis.....	viii
Park System Statement of Net Position	1
Park System Statement of Revenues, Expenses and Changes in Net Position.....	3
Park System Statement of Cash Flows	4
Park System Notes to the Financial Statements	5
Independent Auditor's Report on Supplementary Information.....	12
Park System Schedule of Insurance Coverage.....	13
Park System Schedule of Operating Revenues.....	15
Park System Schedule of Operating Expenses.....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	22





CAMERON COUNTY PARK SYSTEM

33174 State Park Road 100
SOUTH PADRE ISLAND, TEXAS 78597

March 7, 2016

Hon. County Judge, Pete Sepulveda, Jr.
Hon. Commissioner Pct. 1, Sofia C. Benavides
Hon. Commissioner Pct. 2, Alex Dominguez
Hon. Commissioner Pct. 3, David A. Garza
Hon. Commissioner Pct. 4, Dan Sanchez
Cameron County Courthouse
Brownsville, Texas

Honorable County Judge and Commissioners:

The Cameron County Park and Recreation Department maintains and operates approximately sixteen facilities that encompass approximately 812 acres throughout the County. The Cameron County Park and Recreation Department's mission is to provide safe, quality outdoor recreation opportunities to the citizens and visitors of Cameron County at an affordable price. The Cameron County Park and Recreation Department also seeks to develop and protect Cameron County Coastal resources and natural habitats.

Isla Blanca, Andy Bowie and Edwin K. Atwood County Parks provide beach access for day-use, as well as overnight camping, restroom and shower facilities, picnic pavilions, public parking, and food and beach rental concession areas. Other amenities such as fishing, surfing, bird watching and strolling along the edge of the shoreline are some of the nature activities enjoyed at these parks. Isla Blanca Park located on the south end of South Padre Island also provides retail stores, restaurants beach equipment rentals, water sports, a full service marina, access to a water park and a boat launching facility. The Park accommodates over six hundred full-service recreational transient vehicle rental sites, and eight cabanas. The cabanas are equipped with bunk beds (sleep six persons comfortably), restrooms, showers and small kitchenettes. Andy Bowie Park also known as Beach Access No. 2 is located just north of the City of South Padre Island city limits. This park also offers a flagship Hotel on the beach of the Gulf of Mexico. E.K. Atwood County Parks also known as County Beach Access No. 5 is located approximately five miles north on South Padre Island city limits. Cameron County also maintains and operates an additional three public beach access areas (County Beach Access No. 3, County Beach Access No. 4 and County Beach No. 6) that provide parking and access to the beach..

Located on the mainland within the Laguna Atascosa, United States Fish and Wildlife Refuge, Adolph Thomae Jr., Park is situated on the banks of the Arroyo Colorado, and is located within the Laguna Atascosa National Wildlife refuge. The park offers a number of outdoor recreational opportunities such as; Lighted fishing piers, picnic areas, playground, a boat ramp with fish cleaning stations and courtesy docks, nature trail, wildlife observation tower, tent camping area, and 35 full-hookup RV sites.

The Cameron County Parks and Recreation Department also maintains and operates a combined of twelve recreational and community park facilities that are nestled throughout the County within small underserved communities. The park facilities consist of the following:

La Esperanza Community Park is located in the colonia of Cameron Park. The amenities at the park include a walking trail, playground, picnic pavilion, lighted soccer field, basketball court pavilion and an outdoor basketball court.

Santa Maria Community Park is located in the community of Santa Maria on Highway 281, the park offers a swimming pool, picnic shelters, playground area, multi-use athletic field and a community center that can be rented for assemblies. In addition to the amenities, a historic building, built in 1884 and known as 'The Our Lady of Visitation Church', is situated on the site.

Santa Rosa Community Park is located in the city of Santa Rosa, the amenities at the park include two lighted baseball fields, playground facility, four picnic areas, swimming pool and a Boys and Girls Club unit operated and maintained by the City of Santa Rosa.

Esparza-Domanski Community Park is located in the colonia of El Ranchito on the intersection of FM 1577 and US Highway 281. The amenities at the park include a basketball court, playground, picnic pavilion and a swimming pool.

Bejarano-McFarland Memorial Park is located in the colonia of Laguna Heights, within the city limits of Port Isabel. The park is approximately 2.0 acres in size and borders the Laguna Madre bay. The amenities offered at the park consist of a bird Watch Overlook with interpretative signs that extend 110 feet into the Laguna Madre, outdoor basketball court, playground, multi-purpose trail, a large picnic pavilion with BBQ pits and a butterfly garden.

La Paloma Recreational Park is located south of San Benito, Texas, in the rural community of La Paloma. The park offers a number of recreational opportunities for the public to enjoy. Amenities include a walking trail, picnic pavilion, lighted soccer field, lighted baseball field, playground, basketball court, restrooms, concession stand and a splash pad.

Laureles Recreational Park is located just north of Los Fresnos, Texas, in the rural community of Laureles. The Park was completed in 2010, and serves as a major recreational attraction for many of the surrounding communities. Organized little league games for baseball and soccer are commonly played during their respective seasons. The park offers three baseball fields; two of which are lighted, restrooms, a concession stand, two soccer fields, a walking trail, splash pad, playground, picnic pavilion and a butterfly garden.

Pedro "Pete" Benavides Recreational Park is located at the corner of Browne Road and California, in the southmost area of Brownsville, Texas. The Park is constructed on 64 acres of land adjacent to Resaca de la Guerra. Amenities at the park include; a lighted adult softball field, lighted little league baseball field, two lighted full sized soccer fields, lighted basketball court, lighted volleyball court, playground and splash pad area, four small picnic pavilions, one large picnic pavilion, BBQ areas, a one mile Resaca frontage nature trail with two nature observation stations, and a 1.5 mile walking trail with 5 integrated workout stations.

Jaime J. Zapata Memorial Boat Ramp is located adjacent to the Brownsville Ship Channel, on Highway 48 between Port Isabel and the Port of Brownsville, the Jaime J. Zapata Memorial Boat Ramp offers more than just a public boat launching facility. Other amenities include; a lighted fishing pier, two picnic pavilions and a kayak launch ramp. This unique site offers fisherman, boaters, bird watchers, nature enthusiast and kayaker's quick access to San Martin Lake and the Brownsville Ship Channel.

The Parks Department also maintains and operates two social service centers. The Bob Clark Social Service Center and El Centro Cultural.

Cameron County Park System
March 7, 2016

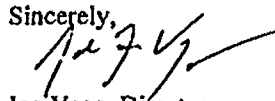
The Bob Clark Social Service Center is located in the hub of 21 colonias, at the corner of Browne Road and California Road, and serves the surrounding community of the southmost area. The Center houses a Head Start Program and a WIC Clinic. It also offers a wide variety of social services and educational programs to the community such as the GED, ESL, home economics, Zumba, sewing, family counseling, assistance with CHIP, Medicaid, Medicare, and employment placement assistance.

El Centro Cultural is located in the colonia of Cameron Park. The Center is equipped with a technology center and offers a variety of social service and educational programs such as a GED, ESL, home economics, Zumba, baking classes, family counseling, assistance with Chip, Medicaid, Medicare, and employment placement assistance.

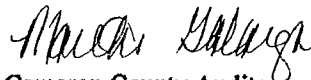
OTHER EVENTS

A new recreational park was constructed in the colonia of El Ranchito on August 29, 2015. With Capital Improvement monies in 2015 the fishing piers at Adolph Thomae, Jr. Park were repaired, a new playground system was constructed along with repairs to the existing pavilion and canopy at the Bejarano-McFarland Memorial Park, and a new security fence was constructed at La Esperanza Community Park. With the assistance of the Texas General Land Office Coastal Management Grant Program the Parks Department constructed a lighted fishing pier and a kayak launching area at the Jaime J. Zapata Memorial Boat Ramp on May 8, 2015. Recently, the Cameron County Parks Department was awarded a grant from the Texas General Land Office Coastal Management Program for the construction of an ADA Dune walkover at Beach Access No. 4. On June of 2014, the Cameron County Commissioners Court executed an agreement with a consultant to prepare a master plan for all of the Coastal Parks located on South Padre that are operated by the Cameron County Parks and Recreation Department.

Sincerely,



Joe Vega, Director
Cameron County Parks and Recreation Department



Cameron County Auditor
Martha Galarza, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
Commissioners' Court
Cameron County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Park System of Cameron County, Texas, an enterprise fund of Cameron County, as of and for the year ended September 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Park System of Cameron County, Texas, as of September 30, 2015, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 5 to the financial statements, in 2015 the Park System of Cameron County, Texas adopted new accounting guidance, *Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reported dated March 22, 2016, on our consideration of the Park System of Cameron County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grand agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park System of Cameron County, Texas' internal control over financial reporting and compliance.



LONG CHILTON, LLP
Certified Public Accountants

Brownsville, Texas
March 22, 2016

CAMERON COUNTY PARK SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2015

This discussion and analysis of the Cameron County Park System (Park) financial performance provides an overview of the Park's financial activities for the fiscal year ended September 30, 2015. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities and resulting changes. The MD&A should be considered in conjunction with the letter of transmittal, the accompanying basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

The Park's total assets exceeded its total liabilities at September 30, 2015 by \$11,750,867.

Total assets increased from Fiscal Year 2014 to Fiscal Year 2015 by \$334,154.

Total liabilities decreased from Fiscal Year 2014 to Fiscal Year 2015 by \$22,584.

Total net position increased by \$311,570.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Park's basic financial statement. The Park's basic financial statements are comprised of: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Park's Basic Financial Statements

The *Basic Financial Statements* are designed to provide readers with a broad overview of the Park's finances in a manner similar to private sector business. They present the financial picture of the Park from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Park as well as all liabilities.

The *Statement of Net Position* presents information on all Park's assets and liabilities, with the difference between the two reported as *net position*. Increases or decreases in net position, contrasted with budgetary decisions, should serve as a useful indicator of whether the financial position of the Park is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *Statement of Cash Flows* presents information on all Park's sources of cash and cash equivalents and the uses of cash and cash equivalents. Specific information about *Operating* cash flows, *Investing* cash flows, and *Financing* cash flows are presented along with information about material non-cash events.

The *Notes to the Basic Financial Statements* present additional information that is essential to a full understanding of the data provided in the Basic Financial Statements.

PARK'S FINANCIAL ANALYSIS

Net position serves as a useful indicator of the Park's financial position. As of September 30, 2015, the Park's assets exceeded liabilities by \$11,750,867

The Parks have a net position of \$5,742,191 invested in capital assets (e.g. land, building, improvements, construction in progress, automotive machinery, and other structures) less any outstanding debt used to acquire those assets.

A portion of the Park's net position, \$2,207,617, represents resources that are subject to external restrictions on how they may be used. This restricted net position includes net position for debt service and amounts restricted for construction.

The Park has \$3,801,059 of unrestricted net position at the end of this year.

The Park's net position for fiscal years ended September 30, 2015, is summarized as follows:

Condensed Schedule of Net Position September 30

	2015	2014
Current and other assets	\$8,183,458	\$8,149,932
Capital assets	13,552,495	13,332,225
Other Assets	-	-
Total assets	21,735,953	21,482,157
Current and other liabilities	1,693,221	1,415,238
Long-term liabilities	8,362,390	8,627,622
Total liabilities	10,055,611	10,042,860
Net Position:		
Net investment in capital assets	5,742,191	4,969,362
Restricted	2,207,617	2,246,493
Unrestricted	3,801,059	4,223,442
Total net position	\$11,750,867	\$11,439,297

The following table provides a summary of the Park's revenues, expenses, and changes in net position for the year ended September 30, 2015, and 2014. The Park experienced an overall increase of \$401,376 in net position for the year ending September 30, 2015.

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Condensed Schedule of Changes in Net Position
For the Year ended September 30

	2015	2014
Operating revenues	\$7,528,434	\$7,414,947
Operating expenses	(6,869,597)	(6,109,246)
Operating income (loss)	658,837	1,305,701
Non-operating revenue (expenses)	(154,316)	(340,163)
Transfer to other funds	(252,545)	(238,579)
Increase (decrease) in net position	251,976	726,959
Net position – Beginning of year	11,439,297	10,712,338
Prior period adjustment	59,594	-
Net position – End of year	\$11,750,867	\$11,439,297

GENERAL FUND BUDGETARY HIGHLIGHTS

The County Auditor is required by policy to present the Commissioners' Court with a balanced budget that contains a no- increase assumption as a starting point for budget discussions. The budget is prepared in accordance with accounting principles generally accepted in the United States of America, and with financial policies by the County Auditor and approved by the Commissioners' Court following a public hearing. Appropriated budgets are approved and employed as a management control device during the year. The Park maintains strict budgetary controls and sets its appropriations at a line item level for each department. Appropriation transfers are allowable between line items or departments only with the approval of the Commissioners' Court. Reserves are established as a budget line item and may be transferred to other budget line items with approval of the Commissioners' Court.

The FY 2015 budget was adopted on September 15, 2014 with total operating expenditures of \$7,279,711, a 12% decrease from Fiscal Year 2014 budgeted operating expenses.

CAPITAL ASSETS

The Parks has \$13,552,495 (net of accumulated depreciation) invested in capital assets. General capital assets include land, buildings, improvements, construction in progress, equipment, furniture and fixtures, other structures, automotive machinery and equipment.

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Capital assets consisted of the following at September 30, 2015:

Assets being depreciated:	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Buildings	\$ 10,869,402	\$ -	\$ -	\$ 10,869,402
Improvements other than buildings	6,997,824	671,106	-	7,668,930
Equipment	763,702	395,522	-	1,159,224
Automotive machinery and equipment	1,593,938	32,732	-	1,626,670
Furniture and fixtures	1,014,322	-	-	1,014,322
Other structures	4,963,476	1,031,219	-	5,994,695
Assets not being depreciated:				
Construction in progress	1,039,495	-	998,388	41,107
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(15,628,318)</u>	<u>(911,921)</u>	<u>-</u>	<u>(16,540,239)</u>
TOTAL CAPITAL ASSETS	<u>\$ 13,332,225</u>	<u>\$1,218,658</u>	<u>\$998,388</u>	<u>\$ 13,552,495</u>

DEBT ADMINISTRATION

During the period in which the bonds are outstanding, the Park System Bond Order requires the County to create and maintain a Debt Service Reserve Fund to be funded (i) out of proceeds of Park System obligations which are secured by a parity pledge on the net revenues, as defined in the Bond Order of the Park System, (ii) from periodic deposits of net revenues, or (iii) from other funds of the County which are lawfully available for such purpose. The County is obligated by the Bond Order to maintain an amount on deposit in the Debt Service Fund equal to the average annual debt service for all Park System obligations, as defined in the Bond Order.

At September 30, 2015, the Park has certificates of obligation payable of \$7,252,270 of which \$495,838 is payable in fiscal year 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The annual budget is developed to provide efficient, effective, and economic uses of the Park's resources as well as a means to accomplish the highest priority objectives. Through the budget, the Cameron County Commissioners set the direction of the Parks, allocates its resources, and establishes its priorities.

In developing the Park's budget for FY 2016, the Commissioners' Court and management considered the following factors:

- Recreational vehicle site rental rates.
- Implementation of new toll software.
- Additional lease income.
- Increase in daily entrance fees.
- Debt service commitments and capital lease obligations.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the Park's finances and to show the Park's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the appropriate financial officer at 1100 E. Monroe, Brownsville, Texas 78502.

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET POSITION
Year Ended September 30, 2015

ASSETS

CURRENT ASSETS

Cash on deposit and on hand	\$ 5,888,266
Accounts receivable	38,691
Inventory	1,096
Prepaid insurance	47,788
TOTAL CURRENT ASSETS	<u>5,975,841</u>

NONCURRENT ASSETS

Restricted Assets

Park Construction Fund:

Cash on deposit 2007 Co's	8,230
Cash on deposit 2011 Co's	500,000
Sea Ranch Improvements	96,650
E.K Atwood Park Improvements	361,000

Park Donation Fund:

Donations	6,031
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Public Beaches:

Beach users fee	89,943
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Debt Reserve Fund:

Cash on deposit	495,763
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Operating Reserve Fund:

Cash on deposit	650,000
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TOTAL RESTRICTED ASSETS	<u>2,207,617</u>
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Capital Assets

Depreciable assets:

Buildings	10,869,402
Improvements other than buildings	7,668,930
Equipment	1,159,224
Automotive machinery and equipment	1,626,670
Furniture and fixtures	1,014,322
Other structures	5,994,695
	<u>28,333,243</u>

Less: Accumulated depreciation	<u>(16,540,239)</u>
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Net depreciable assets	11,793,004
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Construction work in progress	41,107
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Land	<u>1,718,384</u>
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TOTAL CAPITAL ASSETS	<u>13,552,495</u>
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DEFERRED OUTFLOW OF RESOURCES

Differences between projected and actual earnings	80,358
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TOTAL OTHER ASSETS	<u>80,358</u>
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TOTAL ASSETS	<u><u>\$ 21,816,311</u></u>
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(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET POSITION-continued
Year Ended September 30, 2015

LIABILITIES

Current Liabilities (payable from Current Assets):	
Accounts payable	\$ 454,902
Due to other funds	252,611
Capital lease payable-current	38,052
Wages and fringe payable	93,367
Compensated absences payable	52,362
Accrued interest payable	9,380
Education reserve	5,947
Rental deposits	290,762
Total Current Liabilities (payable from Current Assets)	<u>1,197,383</u>
Current Liabilities (payable from Restricted Assets):	
Current maturities of certificates of obligation	495,838
Total Current Liabilities (payable from Restricted Assets)	<u>495,838</u>
Noncurrent Liabilities:	
Certificates of obligation	7,252,270
Less: Unamortized discount	(9,850)
Plus: Unamortized premium	33,994
Unfunded actuarial liability	925,645
Pension Liability	160,331
Total Noncurrent Liabilities	<u>8,362,390</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Differences between expected and actual experience	9,833
TOTAL DEFERRED INFLOW OF RESOURCES	<u>9,833</u>
 TOTAL LIABILITIES	 \$ 10,065,444

NET POSITION

Net investment in capital assets	\$ 5,742,191
Restricted for:	
Debt service	495,763
Operating reserve	650,000
Construction	508,230
Beaches	89,943
Donations	6,031
Sea Ranch improvements	96,650
E.K. Atwood Park improvements	361,000
Unrestricted	3,801,059
TOTAL NET POSITION	<u>\$ 11,750,867</u>

The notes to the financial statements are an integral part of this statement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2015

<u>OPERATING REVENUES</u>	
Rental income	\$ 4,893,129
Entrance fees	2,234,722
Others	201,518
Trash bag program	199,065
TOTAL OPERATING REVENUES	<u>7,528,434</u>
<u>OPERATING EXPENSES</u>	
Advertising	7,413
Audit and legal	6,000
Taxes	8,739
Travel	2,354
Rental	11,773
Insurance	77,200
Miscellaneous	51,688
Pension Expense	149,400
Post employee benefits expense	144,062
Repairs and maintenance	328,526
Supplies	316,535
Depreciation	911,921
Utilities	1,113,343
Contractual	547,224
Salaries and employee benefits	3,193,419
TOTAL OPERATING EXPENSES	<u>6,869,597</u>
OPERATING INCOME (LOSS)	<u>658,837</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest expense	(208,459)
Capital grants - expenses	(982,333)
Fiscal agent fees	(500)
Interest on cash investments	14,288
Capital grants & contribution	1,022,688
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(154,316)</u>
Income (Loss) Before Capital Contributions and Transfers	504,521
Transfer in	-
Transfer out	(252,545)
Change in net position	<u>251,976</u>
Total Net Position - Beginning of year	<u>11,439,297</u>
Total Net Assets - Beginning of year-restated	11,439,297
Prior Period Adjustment	<u>59,594</u>
Total Net Position - End of year	<u>\$ 11,750,867</u>

The notes to the financial statements are an integral part of this statement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF CASH FLOWS
Year Ended September 30, 2015

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows From Operating Activities:

Cash received from customers	\$ 7,535,151
Cash payments for goods and services	(2,228,476)
Cash payments to employees	(3,171,104)
Net Cash Provided by Operating Activities	<u>2,135,571</u>

Cash Flows From Non-Capital Financing Activities:

Transfer to other funds	(252,545)
Net Cash Provided (Used) by Non-Capital Financing Activities:	<u>(252,545)</u>

Cash Flows From Capital and Related Financing Activities:

Acquisition and construction of capital assets	(1,132,191)
Principal payments	(438,369)
Lease payments	(40,329)
Interest paid	(280,811)
Bond insurance cost	(1,509)
Capital grants - expenses	(982,333)
Capital grants & contribution	1,022,688
Fiscal agent fees paid	(500)
Net Cash Used for Capital and Related Financing Activities	<u>(1,853,354)</u>

Cash Flows From Investing Activities:

Receipts of interest	14,288
Net Cash Provided by Investing Activities	<u>14,288</u>
Net increase (decrease) in cash and cash equivalents	43,960
Cash and cash equivalents at beginning of year	<u>8,051,923</u>

CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 8,095,883</u></u>
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Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$ 658,837
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	911,921
Post-employment benefits expense	144,062
Pension Expense	149,400
Changes in Current Assets and Liabilities:	
Decrease (Increase) in accounts receivable	(2,061)
Decrease (Increase) in prepaids	11,866
Decrease (Increase) in inventory	629
Increase (Decrease) in accounts payable	98,973
Increase (Decrease) in due to other funds	163,957
Increase (Decrease) in deposit payable	8,778
Increase (Decrease) in accrued interest payable	(33,106)
Increase (Decrease) in compensated absences	923
Increase (Decrease) in wages and fringe payable	<u>21,392</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,135,571</u></u>

The notes to the financial statements are an integral part of this statement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 1 – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Operations

Cameron County, Texas, (County) through its Park System, owns and operates 1) Isla Blanca Park located in the southernmost tip of South Padre Island, 2) Andy Bowie Park on the north end of South Padre Island, 3) Public Beach access road further north of Andy Bowie Park, 4) E. K. Atwood Park further north of Andy Bowie Park and Public Beaches on South Padre Island, 5) Adolph Thomae Park located in Arroyo City on the Arroyo Colorado, and eleven community parks located throughout Cameron County. The island parks provide transient and long-term rentals of trailer spaces and long-term leases of boat slips at the County's marina facilities. Additionally, the County has several concession leases with various food and entertainment establishments. Such concession leases generally require payment of a monthly lease amount and/or a fixed percentage of gross revenues.

B. Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). For the year ended September 30, 2003, the Parks System of Cameron County, Texas adopted GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments (GASB 34) as amended by GASB Statement No. 37 and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed stipulations that the Park System maintains them permanently. For the fiscal year end 2015 and 2014, the Park System does not have nonexpendable net position.
 - Expendable – Net position whose use by the Park System is subject to externally imposed stipulations that can be fulfilled by actions of the Park System pursuant to those stipulations or that expire by the passage of time.
- Unrestricted: Net position that is not subject to externally imposed stipulations.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

The accompanying financial statements have been prepared on the accrual basis. The Park System reports as a Business Type Activity, as defined by GASB Statement No. 34. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The provisions of GASB Statement No. 45 have been applied as of fiscal year ended September 30, 2015. GASB 45 created accounting standards for Other Post Employment Benefits (OPEB) provided by governmental entities separately from a pension plan. This Statement establishes standards for measurement, recognition and display of OPEB expenditures and related liabilities/assets disclosure.

C. Capital Assets and Depreciation

Purchased assets are recorded at historical cost. Depreciation is provided over the estimated useful lives on a straight-line basis over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40
Furniture and Fixtures	5
General Equipment	5
Vehicles	5
Computer hardware	3
Infrastructure	30

Depreciation expense for all activities totaled \$911,921.

D. Retirement Plan

All employees who work in excess of 900 hours per year are members of the Texas County and District Retirement System under which the employees contribute 7% and the Park System contributes 8.76% of the qualified employees' earnings. Retirement plan expense is funded as accrued, and includes amortization of prior service cost over a 20-year period. Information concerning the actuarially computed value of vested benefits is not available. Retirement plan expense for the year ended September 30, 2015 totaled \$144,062.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Park System considers cash on hand and deposits at banks as well as all highly liquid investments purchased with a maturity of three (3) months or less or with no stated maturity to be cash equivalents.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

G. Net Position

Net Position represents the residual interest in the Park System's assets after liabilities are deducted and consist of three sections: Invested in capital assets, net of related debt, Restricted and Unrestricted. Net investment in capital assets includes capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The Park System's restricted assets are expendable. All other net position is unrestricted.

H. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of the changes in the system's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

I. Subsequent Events

Management has evaluated subsequent events through March 7, 2016, which is the date the financial statements were available to be issued.

Note 2 - BOND INDENTURE REQUIREMENTS

During the period in which the bonds are outstanding, the Park System Bond Order requires the County to create and maintain a Debt Service Reserve Fund to be funded (i) out of proceeds of Park System obligations which are secured by a parity pledge on the net revenues, as defined in the Bond Order of the Park System, (ii) from periodic deposits of net revenues, or (iii) from other funds of the County which are lawfully available for such purpose. The County is obligated by the Bond Order to maintain an amount on deposit in the Debt Service Fund equal to the average annual debt service for all Park System obligations, as defined in the Bond Order.

The Bond Order also obligates the County to fund an Operating Reserve Fund in the amount of \$650,000. The Operating Reserve will be used to pay items of extraordinary maintenance or extraordinary repairs and replacements of the Park System and minor capital improvements to the Park System. Amounts on deposit

in the Operating Reserve may be used to pay debt service on Park Obligations in the event that amounts on deposit in the respective interest and sinking fund and the Debt Service Reserve are insufficient for such purpose.

Monies held as restricted assets in the fund established by the revenue bond indenture are invested in securities guaranteed by the U. S. Government. At September 30, 2015, the County's depository had pledged sufficient U.S. Government obligations to meet this requirement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 3 – LONG-TERM DEBT

B. Certificates of Obligation

The County issued Certificates of Obligation, Series 2007 in the amount of \$8,000,000 on February 15, 2007. The purpose of the Certificates of Obligation are to provide for the payment of contractual obligations to be incurred in connection with the design, planning, acquisition, construction, equipping, expansion, and/or renovation of certain public property, specifically being improvements and additions to, and/or acquisition of, various public parks and other public recreation facilities located throughout the County; and to pay costs of issuance of the Certificates. The Park System raised the R.V. rental space rates and will use the funds formally designated for payment of the Refunding Bonds, Series 1996C, which final payment will be December 1, 2028, to pay the General Funds I & S Fund to make payments on these bonds.

Certificates of Obligation, Series 2007 in the amount of \$5,572,648 were refinanced with Refunding Series 2015 on March 31, 2015, leaving a principal balance of \$395,000 on series 2007 that will be paid in fiscal year 2016.

The annual requirements to amortize the entire Note outstanding as of September 30, 2015 including interest payments of \$1,947,563 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ -	\$ 254,402	\$ 254,402
2017	127,771	251,847	379,618
2018	133,928	246,613	380,541
2019	421,797	233,389	655,186
2020	444,888	211,722	656,610
2021-2028	<u>4,444,264</u>	<u>749,590</u>	<u>5,193,854</u>
TOTAL	<u>\$ 5,572,648</u>	<u>\$1,947,563</u>	<u>\$7,520,211</u>

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	<u>\$ 395,000</u>	<u>7,900</u>	<u>\$ 402,900</u>
TOTAL	<u>\$ 395,000</u>	<u>\$ 7,900</u>	<u>\$ 402,900</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

The County issued Certificates of Obligation, Series 2011 in the amount of \$23,570,000 on June 1, 2011. The County Parks are liable for \$1,897,600 of the Certificate of Obligation, Series 2011. The purposes of the Certificates of Obligation are to provide for the payment of contractual obligations to be incurred in connection with the construction of a community center in Olmito and for improvements to Benavides County Park and Browne Road Social Service Center.

The annual requirements to amortize the entire Note outstanding as of September 30, 2015 including estimated interest payments of \$698,739 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	100,763	74,783	175,546
2017	106,003	71,151	177,154
2018	85,045	67,756	152,801
2019	87,866	64,722	152,588
2020	90,687	61,378	152,065
2021-2027	<u>1,309,946</u>	<u>358,949</u>	<u>1,668,895</u>
TOTAL	<u>\$ 1,780,310</u>	<u>\$ 698,739</u>	<u>\$ 2,479,049</u>

Note 4 - COMPENSATED ABSENCES

The Cameron County Personnel Policy provides employees with vacation leave and non-vesting accumulating rights to sick pay benefits. The policy requires all employees to take vacation time prior to the end of each fiscal year; however, it allows vacation carryover for three months. Vacation pay is recognized as a part of salary compensation. Salary and wages earned, yet unpaid is recognized as accrued compensation time. Although sick leave does not vest and unused balances are not paid at the time of employee termination, current employees can accrue up to sixty days of paid sick leave. The System is reserving \$52,362 to recognize the earned, yet uncompensated leave accumulated as of fiscal year-end.

Note 5 – Net Pension Liability

Governmental Accounting Standards Board issued Statement No. 68 which are new reporting standards for public pension plans and participating employers which address specifics of reporting public pension plan obligations for employers. Net pension liability (NPL) for Cameron County was determined on an actuarial valuation as of the valuation date. The Park System recognized pension expense costs of \$149,400 as a result of this implementation.

Note 6 – Prior Period Adjustment

The Park System recognized a prior period adjustment as a result of GASB 68 implementation with an increase to Net Position of 59,594.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 7 – CASH AND INVESTMENT

Custodial Credit Risk-Deposits:

Park System deposits at year-end were covered either by Federal depository insurance or collateral held by the Cameron County Treasurer in the Park System's name. Cameron County adopted an investment policy in January 1997, which reinforces the County's investment practices of remaining in compliance with V.T.C.A, Title 10, Government Code, Section 2256.

Concentration Risk:

Cameron County has investments with Lone Star, an investment pool sponsored by the Texas Association of School Boards. It is policy that the County may not invest more than 65% of available cash with no more than 35% of available cash balances invested in any one investment pool. Due to interest rates these pools were not used other than minimum amounts to hold open the accounts.

As of September 30, 2015, the Park System's carrying amount of deposits and investments was \$8,095,883 and the bank balance was \$7,709,048.

<u>Current Assets:</u>	<u>Fair Value</u>
Cash and equivalents	\$5,888,266
<u>Restricted Assets:</u>	
Park Construction Fund	
Cash and cash equivalents	965,880
Revenue Bond Debt Reserve Fund	
Cash and cash equivalents	495,763
Park Donations	
Cash and cash equivalents	6,031
Public Beaches	
Cash and cash equivalents	89,943
Operating Reserve Fund	
Cash and cash equivalents	<u>650,000</u>
TOTAL	<u>\$8,095,883</u>

Note 8 – LITIGATION

The County is a defendant in a real estate case where plaintiffs allege County abandoned an easement that was given to County Parks for the use of park purposes. This is a complicated case involving donated land that Commissioners Court sought to develop by leasing land for development of a hotel complex within a public park. This case has been tried before a jury and a verdict for plaintiffs was awarded for \$21,000,000. The Court held a hearing on motions for entry of judgment and outcome was modified for \$3,500,000. Presently County is waiting on written judgment. County anticipates matter will be appealed by plaintiffs. County is confident the Court's oral ruling will be upheld on appeal. The impact of this judgment will be material to County.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note 9 – CAPITAL ASSETS

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Assets being depreciated:				
Buildings	\$ 10,869,402	\$ -	\$ -	\$ 10,869,402
Improvements other than buildings	6,997,824	671,106	-	7,668,930
Equipment	763,702	395,522	-	1,159,224
Automotive machinery and equipment	1,593,938	32,732	-	1,626,670
Furniture and fixtures	1,014,322	-	-	1,014,322
Other structures	4,963,476	1,031,219	-	5,994,695
Assets not being depreciated:				
Construction in progress	1,039,495	-	998,388	41,107
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(15,628,318)</u>	<u>(911,921)</u>	<u>-</u>	<u>(16,540,239)</u>
TOTAL CAPITAL ASSETS	<u><u>\$ 13,332,225</u></u>	<u><u>\$1,218,658</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,552,495</u></u>

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

To the Honorable County Judge and
Commissioners' Court
Cameron County, Texas

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as of and for the year ended September 30, 2015 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Brownsville, Texas
March 22, 2016

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2015

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Harleysville Mutual Insurance Co	Parks Building & Content qualifying for preferred coverage under NFIP	\$2,521,500 bldg \$371,600 content	8/25/2016	Buildings/Content	\$24,434	1000/2000
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2016	Employee dishonesty - crime	\$8,851	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2016	Employee dishonesty - crime	-	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$150,000	7/1/2016	Employee dishonesty - crime	-	\$1,500
National Union Fire Insurance	Employee Crime Policy	\$150,000	7/1/2016	Employee dishonesty - crime	-	\$1,500
National Union Fire Insurance	Employee Crime Policy	\$150,000	7/1/2016	Employee dishonesty - crime	-	\$1,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2016	Employee dishonesty - crime	-	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2016	Employee dishonesty - crime	-	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2016	Employee dishonesty - crime	-	-
Continental Casualty, Star Surplus Ins. Co., Hiscox (Lloyds)	Parks buildings, extended coverage, malicious mischief, excess flood, named storm	\$8,516,680	7/1/2016	Building	\$25,509	\$10,000
Continental Casualty, Star Surplus Ins. Co., Hiscox (Lloyds)	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$216,446	7/1/2016	Contents	-	\$10,000

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF INSURANCE COVERAGE- Continued
SEPTEMBER 30, 2015

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Continental Casualty, Star Surplus Ins. Co., Hiscox (Lloyds)	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$70,000	7/1/2016	EDP	-	\$10,000
Texas Association of Counties	Auto Liability	\$100,000/\$300,000	7/1/2016	Bodily Injury per person/per occurrence Property Damage	\$9,096	\$1,000
Texas Association of Counties	Auto Liability	\$100,000	7/1/2016	Property Damage	-	\$1,000
Texas Association of Counties	Auto Liability	Not Covered	7/1/2016	Bodily Injury	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2016	Uninsured/underinsured Bodily Injury	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2016	Uninsured/underinsured Property damage	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2016	uninsured/underinsured Personal Injury	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2016	Personal Injury	-	-
Texas Association of Counties	Auto physical damage comprehensive/collision General Liability	Cash value or cost of repair	7/1/2016	Vehicles	\$643	\$1,000
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2016	Bodily Injury per person/per occurrence Property damage per occurrence	\$5,524	\$5,000
Texas Association of Counties	General Liability	\$100,000	7/1/2016	Employee benefit per claim/aggregate Damage to Premises	-	\$5,000
Texas Association of Counties	General Liability	\$100,000	7/1/2016	Rented offense/aggreg. On the job injuries	-	\$5,000
Texas Association of Counties	Workers Compensation	Unlimited	12/31/2015		-	-

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING REVENUES
 Year Ended September 30, 2015

ISLA BLANCA PARK

Rental Income	\$ 2,560,107
Concession leases	1,624,847
Miscellaneous income	67,768
Electricity	96,129
Water	1,362
Entrance fees	959,200
Tents	33,020
Boat slips/launch fees	5,096
Park tag fee	10,960
Over/(short)	4,324
Beach fee reimbursement	106,059
Commercial services permits	383
TOTAL ISLA BLANCA PARK	<u>5,469,255</u>

ADOLPH THOMAE PARK

Rental Income	83,342
Entrance fees	179,788
Boat slips/launch fees	16,598
Apartment rental	2,100
Park tag fees	2,580
Miscellaneous revenue	330
Electricity	640
Over/(short)	180
Tents	3,315
TOTAL ADOLPH THOMAE PARK	<u>288,873</u>

PUBLIC BEACHES

Entrance fees	570,359
Trash Bag program	199,065
Over/(short)	1,043
Miscellaneous income	4
TOTAL PUBLIC BEACHES	<u>770,471</u>

ANDY BOWIE PARK

RV full service rentals	88,546
Apartment rental	3,900
Concession leases	375,989
Tents	2,235
Miscellaneous revenue	4,966
Electricity	3,046
Over/(short)	171
Entrance fees	80,992
TOTAL ANDY BOWIE PARK	<u>559,845</u>

PARK RANGERS

Miscellaneous fines and fees	5,607
TOTAL PARK RANGERS	<u>5,607</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING REVENUES-continued
 Year Ended September 30, 2015

BEACH CLEANUP

Donations	2,400
TOTAL BEACH CLEANUP	<u>2,400</u>

COMMUNITY PARKS

Miscellaneous Revenue	-
Swimming Pools	3,900
Community Center Rentals	10,556
Donations Park summer program	3,525
TOTAL COMMUNITY PARKS	<u>17,981</u>

BEACH SAFETY

Entrance fees	405,246
Concession leases	8,756
TOTAL BEACH SAFETY	<u>414,002</u>
TOTAL OPERATING REVENUES	<u>\$ 7,528,434</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES
 Year Ended September 30, 2015

ISLA BLANCA PARK

Advertising	\$ 2,067
Audit and legal	6,000
Contractual	101,070
Depreciation	287,893
Insurance	35,124
Miscellaneous	29,296
Rental	2,989
Repairs and maintenance	86,190
Salaries and employee benefits	617,957
Supplies	82,089
Taxes	8,739
Utilities	726,229
TOTAL ISLA BLANCA PARK	1,985,643

ADOLPH THOMAE PARK

Salaries and employee benefits	163,494
Supplies	24,917
Repairs and maintenance	17,412
Advertising	2,000
Insurance	1,279
Utilities	39,474
Contractual	6,103
Miscellaneous	6,287
Depreciation	52,522
TOTAL ADOLPH THOMAE PARK	313,488

PUBLIC BEACHES

Salaries and employee benefits	163,496
Supplies	30,872
Repairs and maintenance	21,823
Utilities	116,839
Contractual	52,764
Insurance	154
Rental	-
Miscellaneous	1,838
Depreciation	10,696
TOTAL PUBLIC BEACHES	398,482

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2015

ANDY BOWIE PARK

Salaries and employee benefits	152,074
Supplies	19,030
Repairs and maintenance	23,096
Advertising	1,500
Insurance	3,780
Utilities	34,041
Miscellaneous	2,754
Contractual	10,800
Depreciation	13,230
TOTAL ANDY BOWIE PARK	260,305

COMMUNITY PARKS

Salaries and employee benefits	210,679
Supplies	19,874
Repairs and maintenance	15,274
Insurance	4,418
Utilities	73,258
Rental	1,173
Contractual	400
Depreciation	81,995
TOTAL COMMUNITY PARKS	407,071

BROWNE PARK

Salaries and employee benefits	104,910
Supplies	15,689
Repairs and maintenance	17,501
Insurance	14,637
Utilities	62,122
Rental	745
Contractual	820
Depreciation	76,939
TOTAL BROWNE PARK	293,363

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2015

FAMILY LEARNING CENTERS - LA PALOMA

Salaries and employee benefits	9,011
Supplies	5,550
Utilities	26,852
Insurance	-
Depreciation	104,394
Repairs and maintenance	5,664
TOTAL FAMILY LEARNING CENTERS-LA PALOMA	<u>151,471</u>

FAMILY LEARNING CENTERS - SANTA ROSA

Depreciation	<u>877</u>
TOTAL FAMILY LEARNING CENTERS- SANTA ROSA	<u>877</u>

LAURELES PARK

Salaries and employee benefits	10,796
Supplies	9,414
Repairs and maintenance	4,728
Depreciation	114,210
Utilities	23,433
TOTAL LAURELES PARK	<u>162,581</u>

FAMILY LEARNING CENTERS - LOS INDIOS

Depreciation	<u>5,256</u>
TOTAL FAMILY LEARNING CENTERS-LOS INDIOS	<u>5,256</u>

CAMERON / LA ESPERANZA

Depreciation	<u>30,706</u>
TOTAL CAMERON / LA ESPERANZA	<u>30,706</u>

CODE ENFORCEMENT

Salaries and employee benefits	26,796
Supplies	2,496
Repairs and maintenance	2,390
TOTAL CODE ENFORCEMENT	<u>31,682</u>

GREENS DIVISION

Salaries and employee benefits	190,916
Supplies	12,144
Utilities	283
Repairs and maintenance	7,326
Insurance	2,559
TOTAL GREENS DIVISION	<u>213,228</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING EXPENSES-continued
Year Ended September 30, 2015

ADMINISTRATION

Salaries and employee benefits	589,306
Post employment benefits	144,062
Pension expense	149,400
Supplies	18,591
Repairs and maintenance	64,364
Utilities	2,290
Travel	1,716
Advertising	1,846
Insurance	10,117
Depreciation	39,431
Rental	6,397
Miscellaneous expense	598
Contractual	368,152
TOTAL ADMINISTRATION	<u>1,396,270</u>

BEACH SAFETY

Salaries and employee benefits	351,051
Supplies	21,671
Repairs and maintenance	14,241
Utilities	852
Travel	1,215
Insurance	616
Rental	-
Miscellaneous	4,287
Contractual	7,200
TOTAL BEACH SAFETY	<u>401,133</u>

PARK RANGERS

Salaries and employee benefits	584,052
Supplies	46,459
Repairs and maintenance	40,795
Utilities	1,249
Travel	641
Insurance	6,814
Rental	469
Miscellaneous	5,409
TOTAL PARK RANGERS	<u>685,888</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING EXPENSES-continued
Year Ended September 30, 2015

RIO HONDO FAMILY

Insurance	-
Depreciation	93,774
TOTAL RIO HONDO FAMILY	<u>93,774</u>

SUMMER PROGRAM

Salaries and employee benefits	14,620
Supplies	1,810
TOTAL SUMMER PROGRAM	<u>16,430</u>

EL RANCHITO PARK

Salaries and employee benefits	4,261
Supplies	5,842
Repairs and maintenance	5,425
Utilities	6,421
TOTAL EL RANCHITO PARK	<u>21,949</u>

TOTAL OPERATING EXPENSES	<u><u>\$ 6,869,597</u></u>
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable County Judge and
Commissioners' Court
Cameron County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Park System of Cameron County, Texas, and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Park System, of Cameron County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Long Chilton LLP", is positioned above the firm's name.

LONG CHILTON, LLP

Brownsville, Texas
March 22, 2016